



# ARIZONA DEPARTMENT OF REVENUE

## MEMORANDUM

**DATE:** January 16, 2007

**FROM:** THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

### ***October 2006 TAX FACTS***

#### SUMMARY OF GENERAL FUND REVENUES

	<u>October 2006</u>	Fiscal Year <u>Total</u>
<b>Individual Income Tax</b>		
Net Collections	\$ 259,184,391	\$ 993,352,164
Percent Change	14.8%	6.8%
<b>Corporate Income Tax</b>		
Net Collections	\$ 53,938,585	\$ 316,151,510
Percent Change	44.5%	18.7%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>		
Net Collections	\$ 376,890,480	\$ 1,500,706,833
Change	9.4%	9.5%
<b>Total Big Three Tax Types</b>		
Net Collections	\$ 690,013,456	\$2,810,210,507
Percent Change	13.5%	9.5%

# TAX FACTS

## October 2006

### INDIVIDUAL INCOME TAX

#### Individual Income Tax Receipts

	October-06	October-05	% Change
Gross Collections	\$ 65,184,764	\$ 43,730,474	49.1
Withholding	\$ 264,862,789	\$ 233,132,229	13.6
Refunds	\$ (24,927,274)	\$ (15,621,911)	59.6
Urban Revenue Sharing	\$ (45,935,888)	\$ (35,435,744)	29.6
<b>Net Collections</b>	<b>\$ 259,184,391</b>	<b>\$ 225,805,048</b>	<b>14.8</b>

  

	Fiscal Year Total (06/07)	Fiscal Year Total (05/06)	% Change
Gross Collections	\$ 264,433,753	\$ 203,403,133	30.0
Withholding	\$ 993,897,195	\$ 925,025,552	7.4
Refunds*	\$ (81,235,231)	\$ (56,575,983)	43.6
Urban Revenue Sharing	\$ (183,743,554)	\$ (141,742,976)	29.6
<b>Net Collections</b>	<b>\$ 993,352,164</b>	<b>\$ 930,109,726</b>	<b>6.8</b>

\*Refunds issued as a result of the Ladewig and FERC cases are not included in the total refunds listed in the "Individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication. Ladewig refunds were finalized as of July 2006.

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. In October 2006, the department did not issue any individual or corporate income tax refunds for alternative fuel-related credits.

#### Federal Employee Retirement Contribution Project (FERC)

Kerr vs. ADOR or FERC, a Supreme Court tax settlement case has resulted in the distribution of 643 refunds to individual income taxpayers during October 2006. These refunds totaled \$509,821 for an average of \$793. Attorney payments are not included in the refund amount and total \$127,455 for the fiscal year. Refunds issued as a result of the FERC case are not included in the total refunds listed in the "individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication.

#### Individual Income Tax Document Count

In calendar year 2005, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	46,957	1,675,324	99,248	115,957	12	45,036	279,787	12,873	188,966	3,161	8	<b>2,467,329</b>
%	1.9%	67.9%	4.0%	4.7%	0.0%	1.8%	11.3%	0.5%	7.7%	0.1%	0.0%	

In calendar year 2006 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	45,904	1,622,743	104,262	127,841	0	41,306	392,634	12,115	175,965	3,466	13	<b>2,526,249</b>
%	1.8%	64.2%	4.1%	5.1%	0.0%	1.6%	15.5%	0.5%	7.0%	0.1%	0.0%	100%

The 2,526,249 returns representing current and prior tax years, filed through October 2006 compares to 2,403,146 returns filed during the same period of time in 2005 for an annual increase of 5.1%. For the tax year 2005 filed in 2006, 2,407,068 returns have been filed, a 5.1% increase over filings through October 2005 for tax year 2004.

### **Year-Over-Year Comparison of Resident Taxpayers**

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 1,645,604 returns in calendar year 2006 for tax year 2005 from filers who also have returns on record from calendar year 2005 with the same marital status. On average, these filers experienced an 11.5% increase in FAGI and a 16.9% increase in tax liability. More specifically, 34.2% of these filers experienced a decrease in tax liability; on average a decrease of 20.7% in FAGI with a corresponding average decrease in tax liability of 39.4%. Filers with an increase in tax liability totaled 888,375 or 54.0%, with an average FAGI increase of 38.1% and an average tax liability increase of 70.1%.

### **Average Individual Income Tax Refund**

Net of Ladewig and FERC refunds.

	Average	Number
2006 CYTD	\$ 579.30	1,568,566
2005 CYTD	\$ 499.94	1,462,199
<b>% Change</b>	<b>15.9</b>	<b>7.3</b>

### **"New" Filers in Calendar Year 2006**

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2006. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 276,410 "new" returns have been filed thus far in 2006, representing approximately 335,543 persons, not including dependents. The average Federal Adjusted Gross Income is \$22,756 with an average tax liability of \$393. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 16.8% had a married filing joint filing status, 7.1% claimed a 65 and Over Exemption and 34.0% claimed dependents.

### **Individual Income Tax Estimated Payments**

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES tax year 2005 was \$583.2 million, for an average of \$2,702. An additional \$95.1 million in estimated payments came from 2004 tax returns that applied their refunds as a 2005 estimated payment, for an average of \$2,349. Estimated payments received through October 2006 for tax year 2006 are as follows:

10/06	140ES payment	\$	105,404,292	Cumulative \$	376,983,215
10/05	140ES payment	\$	68,345,307	Cumulative \$	281,314,047
	<b>% change</b>		<b>54.2</b>		<b>34.0</b>
10/06	Average payment	\$	3,795	Cumulative \$	2,238
10/05	Average payment	\$	2,740	Cumulative \$	1,850
	<b>% change</b>		<b>38.5</b>		<b>21.0</b>
10/06	Applied refund	\$	24,777,912	Cumulative \$	70,038,429
10/05	Applied refund	\$	11,685,533	Cumulative \$	50,364,650
	<b>% change</b>		<b>112.0</b>		<b>39.1</b>
Total 10/06		\$	130,182,204	Cumulative \$	447,021,644
Total 10/05		\$	80,030,840	Cumulative \$	331,678,697
	<b>% change</b>		<b>62.7</b>		<b>34.8</b>

### Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2004 through March 2005, \$592,987,493 was received for the first quarter of 2004. The latest complete quarter (15 months of information has been compiled) is the third quarter of 2005, which shows an increase of 28.2% in withholding payments over the third quarter of 2004. Growth in quarters for which information is still being gathered is as follows:

4 <sup>th</sup> Quarter 2005	18.1%	3 <sup>rd</sup> Quarter 2006	4.8%
1 <sup>st</sup> Quarter 2006	38.7%	4th Quarter 2006	6.2%
2 <sup>nd</sup> Quarter 2006	24.0%		

As of January 1, 2005, the current choices for withholding are 0%, 10%, 19%, 23%, 25%, 31% or 37% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

### Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2006	13,904	\$ 4,952,317	\$ 356
Calendar Year 2005	14,767	\$ 5,218,229	\$ 354
<b>% Change</b>	<b>(5.8)</b>	<b>(5.1)</b>	<b>0.6%</b>

### Clean Elections

As a result of the December 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2005 filed in 2006.

	<u>October 2006</u>	<u>Calendar Year Total</u>
Check Off	\$112,519	\$4,873,165
Voluntary Donation	\$ 1,713	\$ 64,715
Number of Returns	14,245	674,873

### Contributions on the Individual Income Tax Return

Through October 2006, individual income tax return filers have made the following contributions:

	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Wildlife	10,557	\$ 209,410	\$ 19.84
Child Abuse	11,191	\$ 231,338	\$ 20.67
Special Olympics	5,470	\$ 102,449	\$ 18.73
Neighbors Helping	3,234	\$ 51,683	\$ 15.98
AID to Education	816	\$ 43,214	\$ 52.96
Domestic Violence Shelter	8,322	\$ 173,072	\$ 20.80
Democratic Party	1134	\$ 27,801	\$ 24.52
Republican Party	675	\$ 16,915	\$ 25.06
Libertarian Party	87	\$ 2,202	\$ 25.32

## CORPORATE INCOME TAX

### Corporate Income Tax Receipts

	Oct 2006	Oct 2005	% Change
Gross Collections	\$59,655,446	\$40,819,754	46.1
Refunds	(\$5,716,861)	(\$3,496,533)	63.5
<b>Net Collections</b>	<b>\$53,938,585</b>	<b>\$37,323,220</b>	<b>44.5</b>
	Fiscal Year Total	Prior Fiscal Year Total	% Change
Gross Collections	\$331,198,964	\$282,208,063	17.4
Refunds	(\$15,047,455)	(\$15,796,658)	(4.7)
<b>Net Collections</b>	<b>\$316,151,510</b>	<b>\$266,411,405</b>	<b>18.7</b>

### Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

PLEASE NOTE THAT THE DEPARTMENT OF REVENUE CHANGED PROCESSING SYSTEMS FOR CORPORATE TAX IN AUGUST 2006. AS WITH THE CHANGEOVER OF ANY SYSTEM, THERE WILL BE VARIATIONS IN DATA. THE PERCENTAGE CHANGES SHOWN IN THE FIRST YEAR OF THE NEW SYSTEM SHOULD BE INTERPRETED CAUTIOUSLY.

Oct 2006	\$31,771,278	Calendar Year Total	\$635,872,769
Oct 2005	\$29,273,999	Calendar Year Total	\$527,880,684
% Change	8.5%	% Change	20.5%

All corporations with an income tax liability of \$20,000 or greater are required to make estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
Oct 2006	192	27	21	6	5	0	251	9.1
Oct 2005	164	30	28	3	5	0	230	
CY 2005	3,205	494	553	122	101	1	4,476	26.1
CY 2004	2,503	397	486	86	76	1	3,549	

The next table shows the dollars of eft estimated payments received from those counts above.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 and more	Total	% chg
Oct 2006	\$2,175,197	\$1,911,148	\$5,124,935	\$4,111,000	\$14,155,900	\$27,478,180	6.1%
Oct 2005	\$2,050,541	\$2,176,648	\$6,755,935	\$2,000,000	\$12,923,300	\$25,906,424	
CY 2006	\$36,291,597	\$34,530,807	\$123,690,180	\$87,262,100	\$246,328,914	\$528,103,598	21.2%
CY 2005	\$31,898,731	\$28,573,513	\$108,703,743	\$62,295,428	\$204,346,212	\$435,817,628	

### Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 05/06 by corporate fiscal year. For example, in FY 05/06, 38.4% of the refund dollars paid were for corporate fiscal years ending in 2001 or before. The percentages are for refunds paid through the fiscal year.

**Corporate Refunds continued:**

<b>Corporate Fiscal Year-End:</b>	<b>01 &amp; Prior</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>
FY 05/06	38.4%	27.7%	0.6%	19.4%	13.8%	0.0%
<b>Corporate Fiscal Year-End:</b>	<b>02 &amp; Prior</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>	<b>07</b>
FY 06/07	10.4%	5.9%	3.1%	77.0%	3.6%	0.0%

NO DATA IS AVAILABLE ON REFUNDS APPLIED AS ESTIMATED PAYMENTS.

**Corporate Income Tax Document Count**

The Arizona Department of Revenue received 112,597 corporate returns showing a fiscal year-end of 2004. The type of return received is indicated below:

	<b>120 X (amended)</b>	<b>120 (regular)</b>	<b>120S (S corp)</b>	<b>99T (exempt org.)</b>	<b>120 A (short form)</b>
#	274	35,862	64,351	379	11,731
%	0.2	31.8	57.2	0.3	10.4

Through October 2006, 113,489 documents were received for a fiscal year-end of 2005, distributed as follows:

	<b>120 X (amended)</b>	<b>120 (regular)</b>	<b>120S (S corp)</b>	<b>99T (exempt org.)</b>	<b>120 A (short form)</b>
#	145	34,139	66,779	356	12,070
%	0.1	30.1	58.8	0.3	10.6

The figures for the 2005 returns are most meaningful when compared to 2004 returns received during the same period of time in the previous year. Through October 2005, the Department of Revenue received 100,621 documents with a fiscal year-end of 2004. Compared to 2005 documents, the Department has seen a 12.8% increase in the number of corporate returns processed at this point of time in the calendar year.

**Urban Revenue Sharing Returned to Cities/Towns**

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2006/07 is 15.0% of net proceeds from Fiscal Year 2004/05 income tax. Amounts returned for October 2006 are shown on Table 2, at the end of this report.

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**TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES**

**Transaction Privilege, Severance and Use Tax Receipts**

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, transaction privilege and severance tax collections are aggregated by category and total distribution base and non-shared portions are calculated. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with Proposition 301 resulting in an additional 0.6% education tax being added to most business classifications.

The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	<b>October 2006</b>	<b>October 2005</b>	<b>% change</b>
Distribution Base	\$148,542,725	\$136,484,786	8.8%
Non shared	297,130,942	269,387,078	10.3%
Use Tax	28,527,152	28,124,088	1.4%
Education Tax	55,245,761	50,766,184	8.8%
Other Revenues	68,679,447	57,887,923	18.6%
<b>Total Collections</b>	<b>\$598,126,027</b>	<b>\$542,650,059</b>	<b>10.2%</b>

  

	<b>Fiscal Year Total (06/07)</b>	<b>Fiscal Year Total (05/06)</b>	<b>% change</b>
Distribution Base	\$596,860,888	\$548,420,273	8.8%
Non shared	1,183,668,431	1,076,436,792	10.0%
Use Tax	111,181,082	104,608,614	6.3%
Education Tax	220,778,400	203,576,168	8.5%
Other Revenues	267,436,235	230,270,631	16.1%
<b>Total Collections</b>	<b>\$2,379,925,035</b>	<b>\$2,163,312,478</b>	<b>10.0%</b>

**Distribution of Transaction Privilege, Severance and Use Tax Receipts**

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained by State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with Proposition 301. "Other" revenues are returned to the administering authority.

	<b>October 2006</b>	<b>October 2005</b>	<b>% change</b>
Retained by State	\$376,890,480	\$344,584,769	9.4%
Returned to Counties	60,174,658	55,289,987	8.8%
Returned to Cities	37,135,681	34,121,196	8.8%
Education Tax	55,245,761	50,766,184	8.8%
Other Revenues	68,679,447	57,887,923	18.6%
<b>Total Collections</b>	<b>\$598,126,027</b>	<b>\$542,650,059</b>	<b>10.2%</b>

  

	<b>Fiscal Year Total (06/07)</b>	<b>Fiscal Year Total (05/06)</b>	<b>% change</b>
Retained by State	\$1,500,706,833	\$1,370,195,559	9.5%
Returned to Counties	241,788,346	222,165,052	8.8%
Returned to Cities	149,215,222	137,105,068	8.8%
Education Tax	220,778,400	203,576,168	8.5%
Other Revenues	267,436,235	230,270,631	16.1%
<b>Total Collections</b>	<b>\$2,379,925,035</b>	<b>\$2,163,312,478</b>	<b>10.0%</b>

## Transaction Privilege and Severance Tax Collections By Class

	Tax Rate	October		Fiscal Year	
		2006	% Chg	Total	% Chg
Transporting	5.6	\$ 281,225	24.1%	\$ 1,368,048	27.9%
Non-Metal Mining Oil/Gas	3.125%	665,589	(42.3%)	2,830,606	(28.4%)
Utilities	5.6%	42,677,070	9.8%	172,007,516	13.1%
Communications	5.6%	14,239,793	11.2%	57,637,005	11.9%
Private Car/Pipelines	5.6%	80,735	18.5%	323,239	(59.7%)
Publishing	5.6%	548,128	(20.3%)	2,455,151	(6.1%)
Job Printing	5.6%	1,690,445	2.3%	6,386,228	0.1%
Restaurants & Bars	5.6%	37,356,961	8.8%	144,281,204	7.3%
Amusements	5.6%	3,329,819	22.1%	15,293,567	17.6%
Commercial Lease	0%	25	N/A	52	N/A
Rental of Personal					
Property	5.6%	14,979,199	7.0%	61,766,517	10.1%
Contracting	3.75% - 5.6%	101,169,768	21.9%	385,311,812	19.2%
Retail	5.6%	215,282,186	4.7%	878,671,742	4.9%
Mining Severance	2.5%	4,049,513	107.8%	17,240,704	108.7%
Timber Severance	\$2.13/\$1.51 per 1000 board ft	1,625	154.0%	11,758	90.8%
Hotel/Motel	5.5%	8,822,932	6.0%	32,543,071	5.6%
Membership Camping	5.6%	4,936	(24.3%)	21,603	(19.0%)
Use Tax	5.6%	28,527,152	1.4%	111,508,269	6.6%
Rental Occupancy Tax	3.0%	13,315	11.0%	8,636	(80.1%)
Jet Fuel		374,936	(7.3%)	1,930,858	(5.9%)
Jet Fuel Use Tax	\$.0305/\$.0105 gal	62,973	N/A	194,984	73.6%
Telecomm	----	538,244	105.9%	2,162,153	93.2%
911 Wireline	\$0.28/month per active service	949,545	(14.9%)	4,218,988	(8.5%)
911 Wireless	\$0.28/month per active service	915,572	(25.2%)	3,902,520	9.7%
<b>Total</b>		<b>\$ 476,561,687</b>	<b>9.1%</b>	<b>\$ 1,902,076,233</b>	<b>9.4%</b>

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the department.

## Transaction Privilege and Severance Tax Taxable Sales By Class<sup>1</sup>

	October 2006	% Chg	Fiscal Year Total	% Chg
Transporting	\$ 5,644,688	24.0%	\$ 27,409,074	27.9%
Non-Metal Mining Oil/Gas	21,370,975	(42.3%)	90,688,961	(28.4%)
Utilities	855,475,349	9.7%	3,443,068,959	13.0%
Communications	285,814,075	11.2%	1,154,264,853	11.8%
Private Car/Pipelines	1,620,107	17.5%	6,472,786	(59.7%)
Publishing	11,000,341	(20.3%)	49,159,817	(6.2%)
Job Printing	33,935,488	2.3%	127,914,582	0.1%
Restaurants & Bars	750,193,338	8.9%	2,890,226,200	7.2%
Amusements	67,006,549	22.3%	306,492,065	17.5%
Commercial Lease	510	N/A	2,367	N/A
Rental of Personal				
Property	300,856,850	7.0%	1,237,249,580	10.1%
Contracting	2,030,194,742	21.2%	7,716,508,136	18.4%
Retail	4,322,683,917	4.7%	17,599,088,337	4.9%
Mining Severance	162,362,828	107.5%	690,180,655	108.5%

<sup>1</sup>These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

**Transaction Privilege and Severance Tax Taxable Sales By Class continued**

	October 2006	% Chg	Fiscal Year Total	% Chg
Timber Severance	976	223.0%	5,865	100.3%
Hotel/Motel	161,409,923	6.4%	593,199,171	5.6%
Membership Camping	99,466	(24.1%)	433,198	(18.9%)
Use Tax	572,372,317	1.0%	2,234,851,945	6.4%
Rental Occupancy Tax	444,927	10.9%	304,553	(79.0%)
<b>Total</b>	<b>\$ 9,582,487,366</b>	<b>9.5%</b>	<b>38,167,521,105</b>	<b>9.7%</b>

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

**Transaction Privilege and Severance Tax Returned to Counties**

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for October 2006 is shown in the County Share column.

	County Share	% of Total	FYTD County Share	% Change
Apache	\$ 416,819	0.7%	\$ 1,660,063	(2.5%)
Coconino	\$ 1,580,664	2.6%	\$ 6,234,868	6.9%
Cochise	\$ 1,031,773	1.7%	\$ 4,088,092	5.3%
Gila	\$ 431,351	0.7%	\$ 1,803,094	2.3%
Graham	\$ 268,823	0.4%	\$ 1,075,930	6.4%
Greenlee	\$ 457,796	0.8%	\$ 1,981,792	91.7%
La Paz	\$ 151,501	0.3%	\$ 622,187	(3.0%)
Maricopa	\$ 38,386,939	63.8%	\$ 154,732,716	8.8%
Mohave	\$ 1,824,660	3.0%	\$ 7,099,203	8.2%
Navajo	\$ 914,093	1.5%	\$ 3,691,410	3.1%
Pima	\$ 8,477,190	14.1%	\$ 34,113,291	5.3%
Pinal	\$ 2,133,503	3.5%	\$ 8,374,727	29.5%
Santa Cruz	\$ 373,253	0.6%	\$ 1,543,873	8.4%
Yavapai	\$ 2,205,367	3.7%	\$ 8,793,852	9.2%
Yuma	\$ 1,520,926	2.5%	\$ 5,973,246	7.1%
<b>Total</b>	<b>\$ 60,174,658</b>		<b>\$ 241,788,346</b>	<b>8.8%</b>

**Transaction Privilege and Severance Tax Returned to Cities/Towns**

The portion of transaction privilege and severance tax returned to each incorporated city or town for October 2006 is shown on Table 3, attached to this report.

**County Tax Collections**

The following county-imposed tax collections were received by the Department of Revenue during October 2006 and returned to the counties. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge in Pima County is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health Svcs Dist	Capitol Projects	Tourism Authority
Apache		\$ 119,228							
Cochise		\$ 630,416							
Coconino		\$ 1,132,209	\$ 678,805					\$ 283,319	
Gila	\$ 285,278	\$ 275,518							
Graham		\$ 146,549							
Greenlee		\$ 98,674							
La Paz		\$ 77,788	\$ 77,787				\$ 53		
Maricopa	\$ 32,067,871		\$ 11,900,728	\$ 422,894	\$ 16				\$ 1,451,742
Mohave		\$ 671,690							
Navajo		\$ 581,844							
Pima	\$ 5,670,027			\$ 115,512		\$ 10,363			
Pinal	\$ 1,771,208	\$ 1,743,773							
S Cruz		\$ 247,358	\$ 244,347						
Yavapai		\$ 1,442,246	\$ 720,842						
Yuma		\$ 993,634	\$ 993,637				\$ 197,473	\$ 993,106	

## OTHER TAXES

### Luxury Taxes

The following revenues were received from luxury taxes in October 2006. The table compares the receipts to October 2005 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	October 2006	October 2005	%
Spirituous	\$ 2,839,253	\$ 1,790,928	58.5%
Vinous	\$ 1,285,515	\$ 894,563	43.7%
Malt	\$ 2,501,935	\$ 1,958,399	27.8%
Cigarette	\$ 35,793,758	\$ 22,910,178	56.2%
Other Tobacco	\$ 857,130	\$ 698,802	22.7%
Tobacco Licenses	\$ 725	\$ 575	26.1%
<b>Total</b>	<b>\$ 43,278,316</b>	<b>\$ 28,253,445</b>	<b>53.2%</b>

  

	Fiscal Year (06/07)	Fiscal Year (05/06)	%
Spirituous	\$ 7,837,452	\$ 7,442,346	5.3%
Vinous	\$ 3,450,873	\$ 3,219,740	7.2%
Malt	\$ 8,852,018	\$ 7,672,734	15.4%
Cigarette*	\$ 112,546,230	\$ 94,762,977	18.8%
Other Tobacco	\$ 3,192,265	\$ 3,094,717	3.2%
Tobacco Licenses	\$ 3,100	\$ 1,975	57.0%
<b>Total</b>	<b>\$ 135,881,938</b>	<b>\$ 116,194,489</b>	<b>16.9%</b>

\*Through October 2006, \$495,835 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

**General Fund revenues from luxury taxes:**

	<u>October 2006</u>	<u>FY06/07</u>
Spirituous	\$ 1,987,477	\$ 5,486,217
vinous	\$ 320,551	\$ 860,414
Malt	\$ 25,484	\$ 2,213,004
Cigarettes	\$ 4,322,612	\$ 14,739,400
Other Tobacco	\$ 64,285	\$ 302,833
Tobacco Licenses	\$ 725	\$ 3,100
	<b>\$ 7,321,134</b>	<b>\$ 23,604,967</b>

**Other dedicated revenues from luxury taxes:**

	<u>October 2006</u>	<u>FY06/07</u>
Corrections Fund	\$ 3,064,532	\$ 9,859,584
Tobacco Tax & Health Care Fund <sup>2</sup>	\$ 12,619,169	\$ 39,426,550
Tobacco Products Tax Fund <sup>3</sup>	\$ 19,040,211	\$ 59,124,455
Wine Promotional Fund	\$ 3,308	\$ 9,218
Drug Treatment & Education Fund	\$ 879,893	\$ 2,761,483
Corrections Rev. Fund	\$ 350,067	\$ 1,095,681

**Estate Tax**

October-06	\$ (66,668)	Fiscal Year to Date	\$ 78,551
October-05	\$ 98,144	Fiscal Year to Date	\$ 9,028,812
% change	<b>N/A</b>	% Change	<b>N/A</b>

**Bingo**

October-06	\$ 61,661	Fiscal Year to Date	\$ 206,465
October-05	\$ 64,615	Fiscal Year to Date	\$ 208,663
% change	<b>(4.6%)</b>	% Change	<b>(1.1%)</b>

**Unclaimed Property**

October-06	\$ 24,190,675	Fiscal Year to Date	\$ 32,301,717
October-05	\$ 8,489,719	Fiscal Year to Date	\$ 13,838,675
% change	<b>184.9%</b>	% Change	<b>133.4%</b>

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

<sup>2</sup> Formerly the Health Care Fund

<sup>3</sup> This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

**TABLE 1**  
**“New” Returns Filed in 2006 for Tax Year 2005**  
**Through October 2006**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,727	1.0%	-\$21,713	\$4	19.1%	72.6%	5.9%	2.4%	14.2%	14.2%
<b>\$0-\$5,000</b>	<b>54,320</b>	<b>19.7%</b>	<b>\$2,730</b>	<b>\$1</b>	<b>4.0%</b>	<b>85.3%</b>	<b>9.8%</b>	<b>0.8%</b>	<b>3.9%</b>	<b>15.5%</b>
\$5,000-\$10,000	55,778	20.2%	\$7,369	\$24	6.1%	76.2%	16.7%	1.0%	4.9%	24.7%
<b>\$10,000-\$15,000</b>	<b>39,242</b>	<b>14.2%</b>	<b>\$12,386</b>	<b>\$95</b>	<b>11.9%</b>	<b>60.6%</b>	<b>26.0%</b>	<b>1.5%</b>	<b>7.6%</b>	<b>36.6%</b>
\$15,000-\$20,000	29,685	10.7%	\$17,364	\$166	19.1%	49.6%	29.4%	1.9%	8.1%	43.4%
<b>\$20,000-\$25,000</b>	<b>21,011</b>	<b>7.6%</b>	<b>\$22,340</b>	<b>\$267</b>	<b>24.9%</b>	<b>44.0%</b>	<b>28.5%</b>	<b>2.7%</b>	<b>7.0%</b>	<b>47.6%</b>
\$25,000-\$30,000	15,029	5.4%	\$27,393	\$369	28.5%	42.7%	26.1%	2.8%	7.2%	46.5%
<b>\$30,000-\$40,000</b>	<b>19,496</b>	<b>7.1%</b>	<b>\$34,525</b>	<b>\$551</b>	<b>34.8%</b>	<b>39.5%</b>	<b>22.3%</b>	<b>3.5%</b>	<b>7.6%</b>	<b>46.6%</b>
\$40,000-\$50,000	11,586	4.2%	\$44,623	\$781	44.2%	34.8%	17.7%	3.4%	9.1%	45.8%
<b>\$50,000-\$75,000</b>	<b>14,951</b>	<b>5.4%</b>	<b>\$60,585</b>	<b>\$1,135</b>	<b>59.8%</b>	<b>26.1%</b>	<b>11.4%</b>	<b>2.6%</b>	<b>12.6%</b>	<b>46.6%</b>
\$75,000-\$100,000	6,257	2.3%	\$85,636	\$1,786	71.0%	19.9%	7.4%	1.6%	14.9%	45.7%
<b>\$100,000-\$200,000</b>	<b>4,974</b>	<b>1.8%</b>	<b>\$130,642</b>	<b>\$3,245</b>	<b>71.4%</b>	<b>19.9%</b>	<b>6.8%</b>	<b>1.9%</b>	<b>17.5%</b>	<b>44.2%</b>
\$200,000-\$500,000	1,108	0.4%	\$286,584	\$9,308	65.1%	25.7%	7.1%	2.0%	25.6%	36.6%
<b>\$500,000-\$1,000,000</b>	<b>157</b>	<b>0.1%</b>	<b>\$687,233</b>	<b>\$32,072</b>	<b>68.6%</b>	<b>23.9%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>30.8%</b>	<b>30.2%</b>
\$1,000,000 and over	89	0.0%	\$2,251,740	\$87,448	57.8%	26.7%	7.8%	7.8%	28.9%	35.6%
<b>Total</b>	<b>276,410</b>		<b>\$22,756</b>	<b>\$393</b>	<b>16.8%</b>	<b>49.0%</b>	<b>15.8%</b>	<b>1.5%</b>	<b>7.1%</b>	<b>34.0%</b>

\*An asterisked line indicates that the information cannot be released due to confidentiality laws.

NEW RETURNS FILED IN 2005 FOR TAX YEAR 2004										
<b>Total</b>	<b>258,482</b>		<b>\$22,021</b>	<b>\$390</b>	<b>17.0%</b>	<b>48.3%</b>	<b>16.1%</b>	<b>1.7%</b>	<b>7.5%</b>	<b>34.2%</b>

“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

**TABLE 2**  
**Urban Revenue Sharing Returned to Cities/Towns**  
**October 2006**

City	Distribution	Population	City	Distribution	Population
<b><u>Apache County</u></b>			Surprise	\$835,253	88,265
Eagar	\$41,968	4,435	Tempe	\$1,568,930	165,796
Springerville	\$19,541	2,065	Tolleson	\$61,491	6,498
St. Johns	\$36,575	3,865	Wickenburg	\$57,507	6,077
<b><u>Cochise County</u></b>			Youngtown	\$58,321	6,163
Benson	\$44,855	4,740	<b><u>Mohave County</u></b>		
Bisbee	\$62,172	6,570	Bullhead City	\$361,582	38,210
Douglas	\$162,717	17,195	Colorado City	\$38,609	4,080
Huachuca City	\$17,317	1,830	Kingman	\$244,714	25,860
Sierra Vista	\$413,439	43,690	Lake Havasu City	\$505,656	53,435
Tombstone	\$15,235	1,610	<b><u>Navajo County</u></b>		
Willcox	\$36,764	3,885	Holbrook	\$51,337	5,425
<b><u>Coconino County</u></b>			Pinetop-Lakeside	\$39,413	4,165
Flagstaff	\$578,995	61,185	Show Low	\$93,258	9,885
Fredonia	\$10,504	1,110	Snowflake	\$46,700	4,935
Page	\$67,282	7,110	Taylor	\$38,798	4,100
Williams	\$29,761	3,145	Winslow	\$93,069	9,835
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	\$70,925	7,495	Marana	\$252,899	26,725
Hayden	\$8,441	892	Oro Valley	\$372,843	39,400
Miami	\$18,500	1,955	Sahuarita	\$132,388	13,990
Payson	\$146,014	15,430	South Tucson	\$53,277	5,630
Star Valley	\$18,983	2,006	Tucson	\$5,013,221	529,770
Winkelman	\$4,192	443	<b><u>Pinal County</u></b>		
<b><u>Graham County</u></b>			Apache Junction	\$322,405	34,070
Pima	\$19,730	2,085	Casa Grande	\$307,264	32,470
Safford	\$88,574	9,360	Coolidge	\$77,407	8,180
Thatcher	\$43,057	4,550	Eloy	\$105,276	11,125
<b><u>Greenlee County</u></b>			Florence	\$194,276	20,530
Clifton	\$24,566	2,596	Kearny	\$21,282	2,249
Duncan	\$7,684	812	Mammoth	\$16,674	1,762
<b><u>La Paz County</u></b>			Maricopa	\$100,527	15,934
Parker	\$31,039	3,280	Superior	\$30,793	3,254
Quartzsite	\$34,067	3,600	<b><u>Santa Cruz County</u></b>		
<b><u>Maricopa County</u></b>			Nogales	\$206,578	21,830
Avondale	\$656,317	69,356	Patagonia	\$8,706	920
Buckeye	\$240,417	25,406	<b><u>Yavapai County</u></b>		
Carefree	\$34,862	3,684	Camp Verde	\$101,538	10,730
Cave Creek	\$45,101	4,766	Chino Valley	\$116,632	12,325
Chandler	\$2,184,490	230,845	Clarkdale	\$34,824	3,680
El Mirage	\$303,394	32,061	Cottonwood	\$102,768	10,860
Fountain Hills	\$231,768	24,492	Dewey-Humboldt	\$38,136	4,030
Gila Bend	\$18,737	1,980	Jerome	\$3,123	330
Gilbert	\$1,637,783	173,072	Prescott	\$385,807	40,770
Glendale	\$2,293,541	242,369	Prescott Valley	\$317,721	33,575
Goodyear	\$437,314	46,213	Sedona	\$103,478	10,935
Guadalupe	\$52,567	5,555	<b><u>Yuma County</u></b>		
Litchfield Park	\$42,849	4,528	San Luis	\$216,987	22,930
Mesa	\$4,240,339	448,096	Somerton	\$92,264	9,750
Paradise Valley	\$131,186	13,863	Wellton	\$18,642	1,970
Peoria	\$1,307,249	138,143	Yuma	\$840,079	88,775
Phoenix	\$13,965,839	1,475,834			
Queen Creek	\$155,326	16,414			
Scottsdale	\$2,221,462	234,752	<b>TOTAL</b>	<b>\$45,935,888</b>	<b>4,859,596</b>

**TABLE 3  
Transaction Privilege and Severance Tax Returned to Cities/Towns  
October 2006**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Surprise	\$674,396	88,265
Eagar	\$33,886	4,435	Tempe	\$1,266,777	165,796
Springerville	\$15,778	2,065	Tolleson	\$49,648	6,498
St. Johns	\$29,531	3,865	Wickenburg	\$46,432	6,077
<b><u>Cochise County</u></b>			Youngtown	\$47,089	6,163
Benson	\$36,216	4,740	<b><u>Mohave County</u></b>		
Bisbee	\$50,199	6,570	Bullhead City	\$291,947	38,210
Douglas	\$131,380	17,195	Colorado City	\$31,174	4,080
Huachuca City	\$13,982	1,830	Kingman	\$197,585	25,860
Sierra Vista	\$333,817	43,690	Lake Havasu City	\$408,274	53,435
Tombstone	\$12,301	1,610	<b><u>Navajo County</u></b>		
Willcox	\$29,684	3,885	Holbrook	\$41,450	5,425
<b><u>Coconino County</u></b>			Pinetop/Lakeside	\$31,823	4,165
Flagstaff	\$467,489	61,185	Show Low	\$75,527	9,885
Fredonia	\$8,481	1,110	Snowflake	\$37,706	4,935
Page	\$54,325	7,110	Taylor	\$31,326	4,100
Williams	\$24,030	3,145	Winslow	\$75,145	9,835
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	\$57,266	7,495	Marana	\$204,194	26,725
Hayden	\$6,815	892	Oro Valley	\$301,039	39,400
Miami	\$14,937	1,955	Sahuarita	\$106,892	13,990
Payson	\$117,894	15,430	South Tucson	\$43,016	5,630
Star Valley	\$15,327	2,006	Tucson	\$4,047,749	529,770
Winkelman	\$3,385	443	<b><u>Pinal County</u></b>		
<b><u>Graham County</u></b>			Apache Junction	\$260,315	34,070
Pima	\$15,931	2,085	Casa Grande	\$248,090	32,470
Safford	\$71,516	9,360	Coolidge	\$62,500	8,180
Thatcher	\$34,765	4,550	Eloy	\$85,001	11,125
<b><u>Greenlee County</u></b>			Florence	\$156,861	20,530
Clifton	\$19,835	2,596	Kearny	\$17,184	2,249
Duncan	\$6,204	812	Mammoth	\$13,463	1,762
<b><u>La Paz County</u></b>			Maricopa	\$121,745	15,934
Parker	\$25,061	3,280	Superior	\$24,862	3,254
Quartzsite	\$27,506	3,600	<b><u>Santa Cruz County</u></b>		
<b><u>Maricopa County</u></b>			Nogales	\$166,794	21,830
Avondale	\$529,920	69,356	Patagonia	\$7,029	920
Buckeye	\$194,117	25,406	<b><u>Yavapai County</u></b>		
Carefree	\$28,148	3,684	Camp Verde	\$81,983	10,730
Cave Creek	\$36,415	4,766	Chino Valley	\$94,170	12,325
Chandler	\$1,763,789	230,845	Clarkdale	\$28,117	3,680
El Mirage	\$244,965	32,061	Cottonwood	\$82,977	10,860
Fountain Hills	\$187,133	24,492	Dewey-Humboldt	\$30,792	4,030
Gila Bend	\$15,128	1,980	Jerome	\$2,521	330
Gilbert	\$1,327,925	173,799	Prescott	\$311,506	40,770
Glendale	\$1,851,839	242,369	Prescott Valley	\$256,532	33,575
Goodyear	\$353,094	46,213	Sedona	\$83,550	10,935
Guadalupe	\$42,443	5,555	<b><u>Yuma County</u></b>		
Litchfield Park	\$34,597	4,528	San Luis	\$175,198	22,930
Mesa	\$3,423,713	448,096	Somerton	\$74,496	9,750
Paradise Valley	\$105,921	13,863	Wellton	\$15,052	1,970
Peoria	\$1,055,493	138,143	Yuma	\$678,292	88,775
Phoenix	\$11,276,226	1,475,834			
Queen Creek	\$125,412	16,414			
Scottsdale	\$1,793,641	234,752	<b>TOTAL</b>	<b>\$37,135,681</b>	<b>4,860,323</b>